

Roger Valdez, *Sightline Daily*

Congresswoman Betty McCollum (D-Minnesota) has introduced legislation that would expand the existing tax credit program for renewable energy, create a bond financing tool, and support a grant program for district energy. The bill is a really great first step toward incentivizing more local district energy projects. Congresswoman McCollum knows about district energy. Her own district, which covers Saint Paul, is home to one of the oldest and most successful energy districts in the country, District Energy St. Paul, which just received the International District Energy Association's System of the Year Award for the second time. I've written more than once about the great potential for district energy and ground source heating for our region and about ideas for expanding and improving our use of district energy. Here's a bit more about McCollum's bill and some ideas of how it could be even better.

McCollum's bill expands the renewable energy tax credit to the production of thermal energy, benefiting most district energy producers and encouraging new projects. The bill also expands tax exempt bonding for capital costs associated with thermal energy, and it expands the Department of Energy's Energy Sustainability and Efficiency grant program so it can more fully support large scale thermal projects.

In our own region, Seattle Steam is a prime example of just how common and consistent district energy solutions have been for commercial application. For more than a century, Seattle Steam has provided energy to businesses downtown. Now, with their new wood waste boiler they are entering their second century demonstrating how district energy can also be sustainable. And in Portland, two projects using district energy at the neighborhood scale have been proposed and studied. Sunnyside Energy would use ground source heat to heat and cool a local school campus and the surrounding neighborhood as well. And in the North Pearl Neighborhood, the City of Portland has found district energy to be a viable solution for potential new growth there. These projects could benefit from passage of this legislation.

As I pointed out, the bill is a great start, but here are some things that we hope get considered as the bill moves forward:

* Many local governments are shying away from debt largely because of falling revenues and their concern about future debt service. Also, interest bearing bonds might be more attractive than tax credit bonds in this economy. As with Qualified Energy Conservation Bonds (QECBs), help with interest would help spur the use of these bonds.

* Explore adding a Feed-in Tariff element that would allow renewable energy generators to

interconnect with the grid, specify the amount that they are paid for the energy they produce, and how long they will be paid. This could make district energy projects even more financially viable by creating a revenue stream for debt service and operations.

* Consider other models for generating capital for projects like Clean Energy or Green Energy Investment Trusts. This makes district energy a better investment vehicle for private dollars and generates much needed cash-flow for up-front infrastructure costs when building a district energy utility.

* Finally, look into requiring local governments, if funded, to pass appropriate zoning and regulatory changes. The City of Portland has led our region in removing regulatory hurdles at the local level which could lower costs for district energy projects.

Overall this bill takes important measures to reduce greenhouse gas emissions and create jobs in the Northwest and throughout the United States. District energy is an old fashioned approach to energy that is really worth renewed interest and investment. Representative McCollum's bill is a substantive way to get the conversation and investment started.